Budget monitoring period 7 2013/14 (October 2013)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget for 2013/14 is balanced on services, adding the unused £13m risk contingency brings this to £13m overall underspend (paragraph 1).
2. Forecast ongoing efficiencies & service reductions achieved by year end (paragraph 63).
3. Forecast capital budget position for 2013/14 (paragraphs 67 to 71).
4. Management actions to mitigate overspends appear throughout this report.

Cabinet is asked to approve the following.

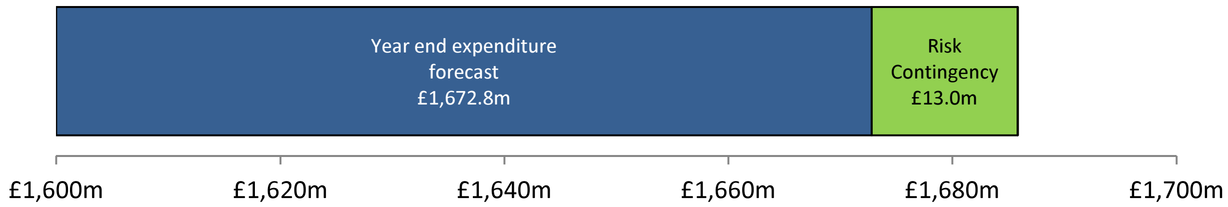
5. Contributions to reserves:
   - £2.8m creditor write-off transfer to the Budget Equalisation Reserve (paragraph 46);
   - £3.5m waste PFI grant transfer to the Eco Park Sinking Fund Reserve (paragraph 48); and
   - £1m interest rate rise contingency transfer to the Interest Rate Risk Reserve (paragraph 49).
6. Virement of £2.0m of Dedicated School Grant (DSG) to be distributed into the follow areas: Services for Young People (£0.8m) and Schools and Learning (£1.2m) (paragraph App. 3 to App. 6).
7. Virement of £2.0m of Dedicated School Grant (DSG) to be held as a risk budget and delegated to the Asst Director of Schools and Learning to allocate appropriately (paragraph App. 3 to App. 6).

Summary - Revenue

The Council set its budget for the 2013/14 financial year in the context of the Government's continuing austerity programme, with reducing public spending and rising demand for services. In setting a balanced 2013/14 budget, the Council developed plans for efficiencies and service reductions totalling £68m and approved the use of £11m earmarked reserves and £12m general balances. In developing its five year Medium Term Financial Plan (MTFP) for 2013-18, the Council approved plans to achieve efficiencies and service reductions totalling £167m, following achievement of £225m efficiencies from 2009 to 2012. Cabinet carried out a review of the MTFP after the first quarter of 2013/14. The review identified additional savings services can realistically deliver for 2014-18 of £56.0m (£19.5m in 2014/15).

The Local Government Peer Review of March 2013 recognised the council's longer term view and multi-year approach to financial management. As part of this approach, Cabinet approved carry forward of £7.9m underspend from 2012/13 to fund projects and commitments in 2013/14.

<u>Figure 1: Year end forecast revenue position</u>



At the end of October 2013, services forecast a balanced year end position (-£1.4m at the end of September). This excludes use of the 2013/14 budget's £13m risk contingency and -£0.8m net income on the Revolving Infrastructure and Investment Fund, which will be re-invested in the fund.

The overall forecast position, including the risk contingency, is -£13.0m underspend. This links with the corporate strategy of using our resources responsibly.

The balanced forecast position on services is a net result of: Adult Social Care slippage implementing social capital strategy (+£4.4m), Children's Services' volume pressures offset by School & Learning (+£1.1m); plus waste management pressure and support for local bus routes (+£1.3m); offset by underspends within Business Services (-£2.6m) and Central Income & Expenditure (-£3.3m).

Summary – Efficiencies

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including by reducing reliance on government grants. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of October 2013, services forecast to achieve £63.3m efficiencies by year end. This is an underachievement of £5.0m, up from £4.7m forecast at the end of September. The increase is due to slippage in ASC's innovative social capital strategy.

The overall position on efficiencies also includes £9.7m ASC savings re-categorised as one-off measures. These savings, delayed from 2013/14, will need to be made in 2014/15.

Summary - Capital

Surrey County Council's corporate vision includes to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme. MTFP 2013-18 set a £699m five year capital programme. Cabinet approved re-profiling of carry forwards and virements means the revised 2013/14 capital budget is £190.6m.

At the end of October 2013, services forecast overall capital spending will achieve a -£10.7m underspend by year end (-£9.5m at the end of September). This is mainly due to delays: acquiring land for waste schemes (-£3.3m), from archaeological finds at Guildford Fire Station (-£3.0m); in deliveries for the fire vehicle and equipment replacement programme (-£1.4m); from rephasing some short stay schools (-£0.8m); in the school basic need programme (-£0.7m); and obtaining planning permission to improve a travellers' site (-£1.1m).

The overall forecast capital spending position at year end is £17.4m overspend, including £28.1m of long term investment assets.

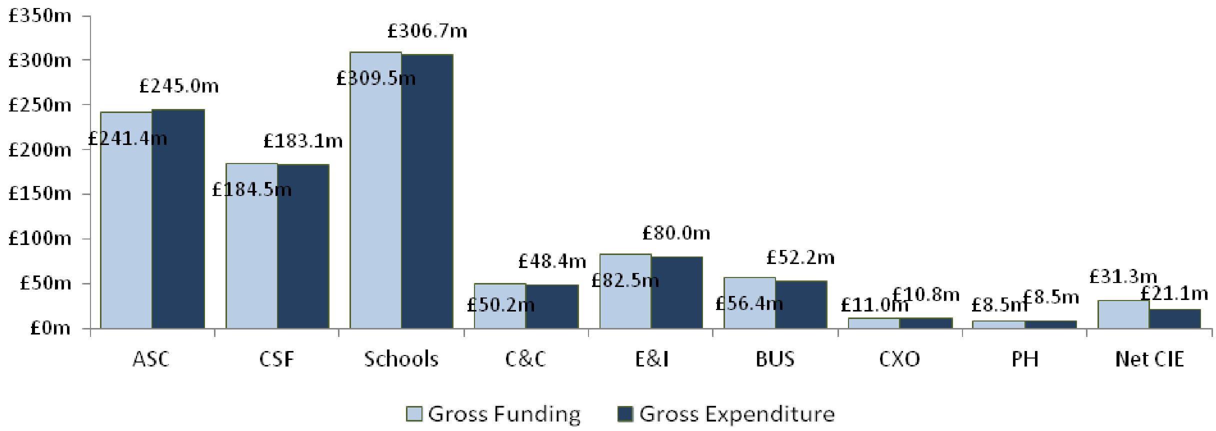
Revenue budget

1. The updated revenue budget for the 2013/14 financial year, including schools, was supported by £23.0m of earmarked and general reserves, plus £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The current projection for the council funded service net revenue budget is balanced. This excludes use of the £13m risk contingency in the 2013/14 budget and the -£0.8m net income on the Revolving Infrastructure and Investment Fund, which the council will re-invest in the fund. The overall forecast year end position for the council is -£13.0m underspend (-£14.4m at the end of September).

2. The year to date budget variance is an underspend of -£19.4m. This is due to the early and additional receipt of specific government grants of nearly -£6.0m, and government grants for schools budgets of -£2.8m and delayed maintenance work for both Highways and Property (-£2.5m and -£0.8m). Schools funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.

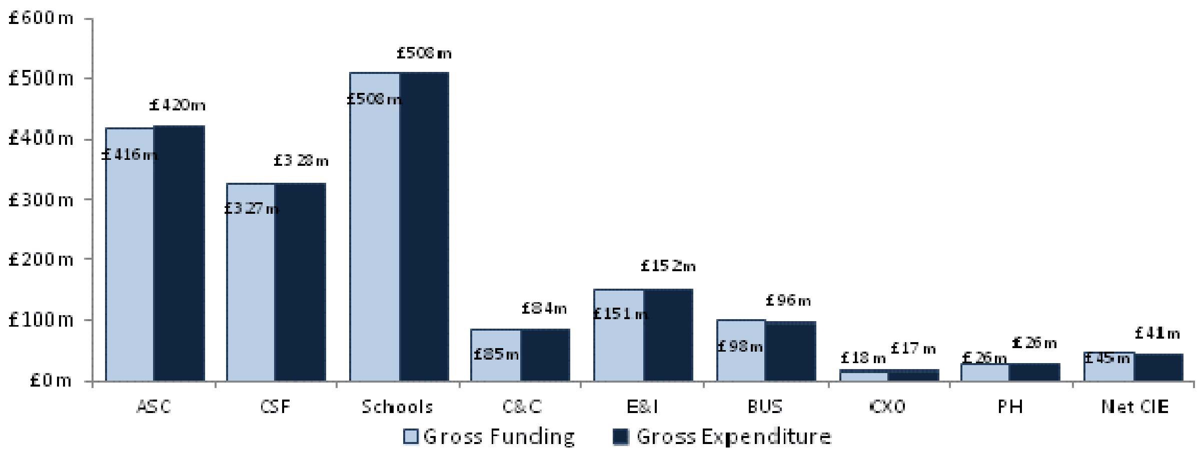
3. Both the year to date and forecast revenue budget positions are shown by directorate in the graphs below. Tables App 3 and App 4 in the appendix to this annex show further details of the year to date and year end forecast positions.

Figure 2: Year to date revenue position



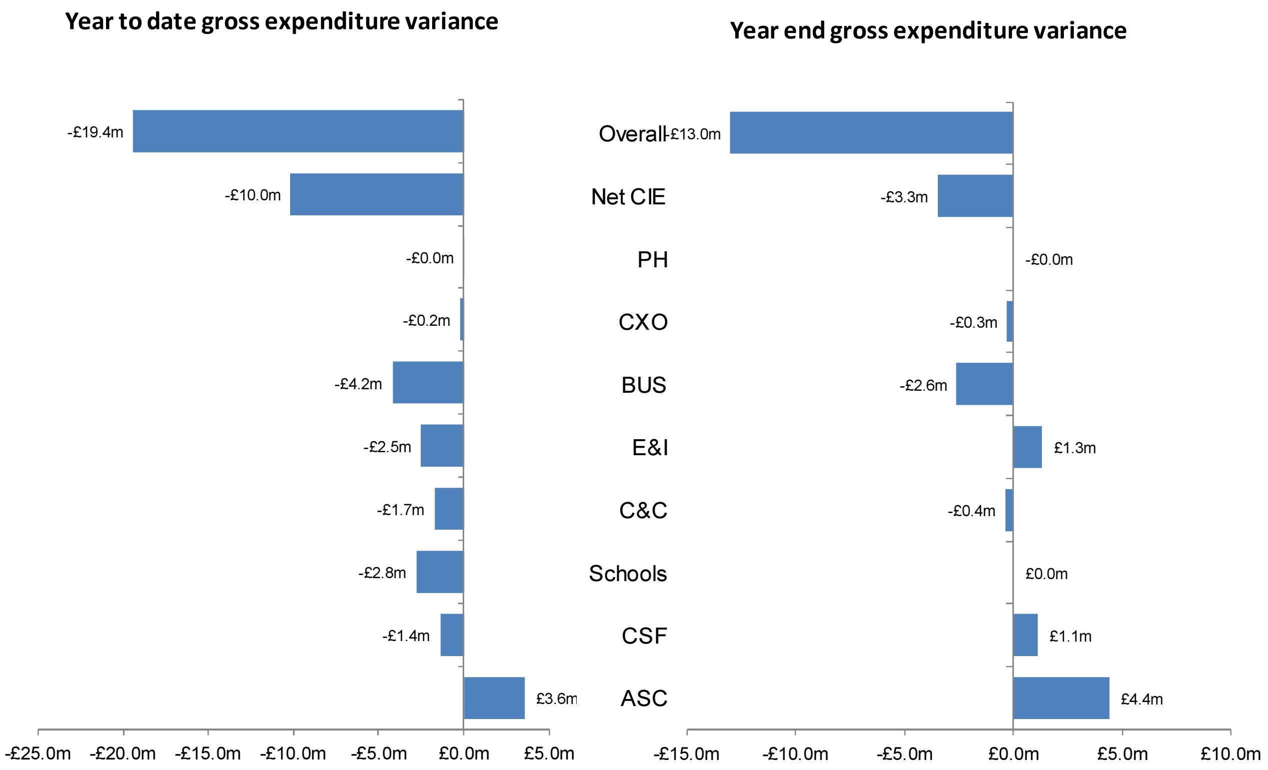
4. Services forecast a balanced year end position (-£1.4m at the end of September). This excludes use of the 2013/14 budget's £13m risk contingency and -£0.8m net income on the Revolving Infrastructure and Investment Fund. Including the £13m risk contingency makes the overall forecast -£13.0m underspend.

Figure 3: Year end forecast revenue position



5. The balanced forecast position on services is a result of: Adult Social Care slippage implementing its social capital strategy (+£4.4m), Children's Services' volume pressures offset by School & Learning (+£1.1m); plus waste management pressure and support for local bus routes (+£1.3m); offset by underspends within Business Services (-£2.5m) and Central Income & Expenditure (-£2.8m)

Figure 4: Year to date and forecast year end expenditure variance



6. Below, each directorate reports a summarised year to date and forecast year end income & expenditure statement and service and policy financial information. These explain any variances, their impact and services' actions to mitigate any adverse variances. The background information appendix gives the updated budget with explanations of the budget movements.

Adult Social Care

Table 1: Summary of the revenue position for the directorate

Adult Social Care	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov – Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-40.1	-45.2	-5.1	-68.7	-34.3	-79.4	-10.7
Expenditure	236.3	245.0	8.7	405.1	175.2	420.2	15.1
Net position	**196.2**	**199.8**	**3.6**	**336.4**	**140.9**	**340.8**	**4.4**
Summary by service							
Income	-40.1	-45.2	-5.1	-68.7	-34.3	-79.4	-10.7
Older People	92.2	102.9	10.7	158.1	70.1	173.0	14.9
Physical Disabilities	28.5	28.7	0.2	48.9	20.8	49.6	0.7
Learning Disabilities	76.0	74.9	-1.1	130.2	57.7	132.6	2.4
Mental Health	5.4	5.6	0.2	9.2	3.9	9.4	0.2
Other Expenditure	34.2	32.9	-1.3	58.7	22.7	55.6	-3.1
Total by service	**196.2**	**199.8**	**3.6**	**336.4**	**140.9**	**340.8**	**4.4**

Note: All numbers have been rounded - which might cause a casting error

7. The October projected outturn for Adult Social Care is +£4.4m (1.3%) overspend. This represents an increase of £1.8m from last month. The year to date position shows an overspend of £3.6m.

8. A projected overspend was highlighted as a risk during the budget planning process and needs to be set in context of ASC's very challenging savings target of £45.9m. The directorate has made good progress in many of the savings actions and judges that £24.3m of savings have either been achieved or will be achieved without needing further management action. While there is considerable work ongoing to generate savings, the directorate is unlikely to be able to bring the budget completely back in line by year end.

9. The most significant element of the directorate's savings plans is the social capital agenda, now formally re-launched as Family, Friends and Community Support (FF&C). It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the council. ASC is implementing the new strategy and it has been a key driver in the recent Rapid Improvement Events (RIEs) on the social care and financial assessment processes.

10. FF&C savings target for 2013/14 is £15.5m. FF&C savings have been re-profiled based on the year to date position and it is now expected that only £3.5m of ongoing savings will be achieved, meaning slippage of £12.0m is currently projected against the original target. The future savings are anticipated to be achieved on a phased approach of £0.5m each month for November 2013 to January 2014 and £1.0m each month in February and March 2014. The slippage in the FF&C programme reflects the amount of cultural and systems change and community development needed to implement the strategy in full.

11. The Directorate is looking at all possible opportunities to cover the slippage on FF&C and smaller shortfalls on some other savings plans. At present two main counter-measures have been identified:

    i. £7.5m draw down of unused 2011/12 Whole System Funding, approved by Cabinet in the September monitoring cycle and completed in October

    ii. £1.7m proposed draw down of previous years' Winter Pressures funding, pending Cabinet approval.

12. Although these measures are helping to improve this year's budget position they create a pressure for next year's budget as they need to be replaced by new on-going savings.

13. The current year end projection relies on the Directorate implementing £9.6m of management action savings plans in the remainder of the financial year.

14. The key driver of the underlying pressures the service faces is individually commissioned care services. The gross spend to date on spot care, excluding Transition, has on average been £21.4m per month for April to October. That compares with £21.4m per month at the end of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased as planned. Assuming all savings occur as currently forecast or are replaced by other means, then the Directorate can afford to spend only £20.4m per month in the remainder of the financial year. Therefore, it needs to reduce expenditure on individually commissioned care services by 4.9%. While expenditure in September suggested that this reduction was feasible, the October spend was back at July to August levels meaning that September may have been a one-off fluctuation. At least two more months' expenditure is needed in order to assess fully the extent to which a reduction of 5% is realistic.

15. The evaluation of whether use of FF&C has reduced spend on spot care is critical for planning the 2014/15 budget as well as for the 2013/14 outturn. Next year's budget builds in a further £10m of FF&C savings. It is clear an on-going shortfall of at least £12m of slippage will remain from this year's budget, which will be a factor in the corporate budget planning process now under way. The next quarter will show whether ASC can restrict FF&C slippage to £12m.

Table 2:Summary of Adult Social Care Forecast

	£m	£m
ASC MTFP Efficiency Target		**(45.9)**
Demand related savings, including social capital, achieved (or not needing further management action) to date	(0.2)	
Other savings achieved (or not needing further management action) to date	(24.2)	
Total savings achieved (or not needing further management action) to date		(24.4)
Savings forecast in the rest of the year through use of social capital	(3.5)	
Other savings forecast in the rest of the year and included as management actions	(4.4)	
Total savings forecast in the rest of the year		(7.9)
Total forecast savings before draw downs		(32.3)
Whole systems funding 2011/12 draw down		(7.5)
Proposed winter pressure funding draw down		(1.7)
Total forecast savings		**(41.5)**
Under / (Over) performance vs MTFP target		4.4

16. On a client group basis, the projected pressures currently appear mainly in Older People. That is largely due to the original allocation of FF&C savings targets, which initially expected the majority of FF&C savings would be achieved within Older People. This month's review of the FF&C strategy and its savings targets indicates ASC will achieve savings much more broadly across the client groups. Therefore a virement is likely during November to move appropriate proportions of the savings targets to other client groups. This will give a truer indication of where pressures lie across the Directorate, but will have no impact on the overall budget monitoring position.

Children, Schools & Families

Table 3: Summary of the revenue position for directorate

Children, Schools & Families	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-80.9	-80.5	0.4	-146.1	-65.5	-146.0	0.1
Expenditure	184.9	183.1	-1.8	327.2	145.1	328.2	1.0
Net position	**104.0**	**102.6**	**-1.4**	**181.1**	**94.3**	**182.2**	**1.1**
Summary by Service:							
Income	-80.9	-80.5	0.4	-146.1	-65.5	-146.0	0.1
Strategic Services	3.8	3.7	-0.1	5.8	1.8	5.5	-0.3
Children's Services	51.9	52.8	0.9	88.9	39.5	92.3	3.4
Schools and Learning	116.2	113.2	-3.0	208.4	93.1	206.3	-2.1
Services for Young People	13.0	13.4	0.4	24.1	10.7	24.1	0.0
Total by service	**104.0**	**102.6**	**-1.4**	**181.1**	**79.6**	**182.2**	**1.1**

17. The forecast outturn position for the Children Schools and Families directorate (CSF) is an overspend of £1.1m. This is £0.4m greater than forecast at the end of September. The main reasons for the overspend continue to be pressures in Children's Services and increasing demand for transport in relation to children with special education needs (SEN). This is partly offset by an improved trading position for Commercial Services and underspends elsewhere within Schools and Learning.

18. The year to date underspend of -£1.4m is mainly due to DSG underspends on nursery provision (-£2.3m) and staffing across the directorate (-£1.3m). these are partly offset by nonstaffing overspends in Children's Services (+£1.1m) and transport (+£1.2m)

Children's Services

19. In Children's Services the projected overspend is +£3.4m although this is partly offset by additional income of £0.4m. This is an increase of +£0.5m compared to the end of September. The main reasons for this overspend are as follows.

- The services for children with disabilities budgets are overspending by +£2.3m, of which +£1.5m relates to the budget reduction for the MTFP efficiency in this service area. The full saving will not be achieved this financial year and CSF heads of service are looking at alternative savings as a key management action.
- The service is experiencing a significant shift towards more complex needs for children with disabilities: recent reviews of care packages have resulted in more costly support arrangements adding +£0.3m to the projection this month. There is a management action to review the increase in these care projections to confirm the ongoing pressures and future impact of these assessments.
- The remaining element of the overspend on services for children with disabilities forms part of the overall overspend on agency placements of +£0.3m. The overall number of placements has fluctuated over the year, rising to a peak of 234 in July it is now at the same level as seen in April. The position remains volatile given the high cost of some places, for example although the number of placements fell slightly in October (-2) the spending projection increased marginally due to more expensive placements being required. Efforts continue to divert children from the most expensive agency placements, two young people have now been placed in Ruth House avoiding agency costs although additional support costs have been incurred to support them in this setting.

- The pressure on fostering and adoption allowances has increased by +£0.2 this month to +£0.4m. The number of Looked After Children (LAC) has increased contributing to an increase of 29 in foster placements. The number of foster placements is now 52 higher than the number the service budgeted for. In addition the number of Special Guardianship Orders continues to increase; the projection assumes an additional 65 SGOs will be made this year compared to 45 in 2012/13.
- Area care services are forecast an overspend by +£0.5m. This is mainly due to an increase in the instances of court proceedings (there are currently 190 LAC cases compared to 169 for the whole of 2012/13) together with an increase in fees. In addition there is continued pressure from supervising contact and special guardianship / residency orders for Children in Need.
- A +£0.6m overspend is anticipated due to ongoing difficulties recruiting permanent social workers and a resulting reliance on more expensive agency staff. The market for good quality agency staff is increasingly competitive which pushes agency costs even higher. This has been an ongoing problem and CSF has plans to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in the North East Area to grow our own skilled workforce, though the results of these initiatives will take time to be realised.
- The budgets for leaving care and asylum seekers are expected to overspend by +£0.4m as the number of cases continues at a similar level to that experienced in 2012/13 when a similar overspend occurred.
- Offsetting these overspends are net underspends of -£1.0m in Children's Services. These are planned to continue in order to help alleviate the cost pressures.

<u>Schools and Learning</u>

20. The Schools and Learning forecast position is an underspend of -£2.1m on county funded services. Although this is in part offset by a shortfall in income of -£0.3m mainly due to low take up by academies for traded Race and Ethnic Minority Achievement (REMA) services.

21. The main pressure on the Schools and Learning budget is an overspend on transport of +£2.1m. This is mainly in relation to SEN (+£1.7m) and has reduced by -£0.2m since last month following a review of routes commissioned. The school transport service already faced a budget pressure of £0.7m reported as an overspend in the 2012/13 outturn report. In addition to this pupil numbers and costs have continued to rise, particularly around SEN with the total number of pupils transported reaching 2,550 in July, 113 higher than at the same point last year and leading to additional costs of +£0.6m.

22. Offsetting the transport overspend is an underspend on centrally held budgets of -£2.0m. This is mainly against the budget for demographics and inflation. Given its £7m savings requirement, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the position and impact of funding changes would not become clear until the start of the new academic year.

23. In addition the current number and cost of out county placements has been reviewed following the start of the new academic year. This covers both pre and post 16 including the county's new responsibilities for learners with learning difficulties and disabilities (LLDD). The review suggests that, although uncertainties remain, the county's £1.5m contribution will not be required in full and an underspend of -£0.5m is likely.

24. Commercial Services projects a higher than budgeted contribution to corporate overheads of -£0.8m. This projection takes into account the reduced contribution due to the loss of cleaning and catering contracts which is more than offset by improved contract prices and increased school meals income from September 2013.

25. Although not included in the reported county position services funded by Dedicated Schools Grant (DSG) are forecast to underspend by -£4.0m. The main reason being less demand for two, three and four year old nursery provision than the grant funding level

which underpins the budget (-£4.0m). There are other small underspends on DSG services, though overall these are partly offset by increasing demand for support to children with SEN, particularly paediatric therapy services (£0.8m).

Services for Young people and Strategic Services

26. Services for Young People is broadly on budget at this stages (+£0.1m). Strategic Services anticipates an underspend of -£0.3m mainly due to recognition that resources set aside for one off service initiatives are now unlikely to be required this financial year.

Schools (delegated budget)

Table 4: Summary of the revenue position for the delegated schools budget

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-309.6	-309.5	0.1	-508.0	-198.5	-508.0	0.0
Expenditure	309.6	306.7	-2.9	508.0	201.3	508.0	0.0
Net position	**0.0**	**-2.8**	**-2.8**	**0.0**	**2.8**	**0.0**	**0.0**

27. The position is unchanged since the beginning of the year. The budget has been updated for the recent transfers of Surrey schools to Academy status (-£18.6m) There also were volume related grant changes of +£2.5m. The schools delegated budget is reviewed each month.

Customer & Communities

Table 5: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-14.0	-14.8	-0.8	-24.1	-9.7	-24.5	-0.4
Expenditure	49.3	48.4	-0.9	84.1	35.7	84.1	0.0
Net position	**35.3**	**33.6**	**-1.7**	**60.0**	**26.0**	**59.6**	**-0.4**
Summary by service							
Cultural Services	6.3	6.1	-0.2	10.8	4.5	10.6	-0.2
Fire & Rescue	21.1	20.7	-0.4	35.6	14.9	35.6	0.0
Customer Services	2.3	2.2	-0.1	4.0	1.8	4.0	0.0
Trading Standards	1.2	1.2	0.0	2.2	1.0	2.2	0.0
Community Partner & Safety	2.5	1.7	-0.8	4.1	2.4	4.1	0.0
Directorate support	1.3	1.0	-0.3	2.2	1.0	2.0	-0.2
County Coroner	0.6	0.7	0.1	1.1	0.4	1.1	0.0
Total by service	**35.3**	**33.6**	**-1.7**	**60.0**	**26.0**	**59.6**	**-0.4**

28. The year to date underspend is -£1.7m, partly due to the timing of expenditure (-£0.8m) on third party grants and member allocations within Community Partnership and Safety. The remainder is due to managed savings within Fire to cover the cost of extending the contingency crewing contract (subject to Cabinet approval), plus the timing of Cultural Services and Trading Standards income already earned, along with the year to date impact of the full year underspend.

29. The directorate currently projects an underspend of -£0.4m (-£0.3m at the end of September). This is predominantly from early achievement of the 2014/15 MTFP efficiency on Directorate Support costs, from holding posts vacant and sharing costs (-£0.3m). A further underspend is expected from the continued increase in income generated by

Registration (-£0.1m) due in part to the three yearly cycle of venue licensing income. Future MTFP income targets will reflect this appropriately. Legislative changes are creating a pressure for the Coroners service (+£0.1m). The full year pressure that will take effect in 2014/15 is expected to create an ongoing annual pressure in the region of £0.2m.

Environment & Infrastructure

Table 6: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast	Full Year Projection £m	Full Year Variance £m
Income	-10.9	-10.1	0.8	-18.7	-9.1	-19.2	-0.5
Expenditure	83.3	80.0	-3.3	150.6	72.4	152.4	1.8
Net	**72.4**	**69.9**	**-2.5**	**131.9**	**63.3**	**133.2**	**1.3**
Summary by service							
Environment	32.7	33.1	0.4	61.0	28.8	61.9	0.9
Highways	24.0	21.5	-2.5	44.4	23.2	44.7	0.3
Economy, Transport & Planning	15.6	15.2	-0.4	26.3	11.2	26.4	0.1
Other Directorate Costs	0.1	0.1	0.0	0.2	0.1	0.2	0.0
Total by service	**72.4**	**69.9**	**-2.5**	**131.9**	**63.3**	**133.2**	**1.3**

Note: All numbers have been rounded - which might cause a casting error

30. The year to date position for Environment & Infrastructure (E&I) is a -£2.5m underspend. This primarily relates to highway maintenance works including local schemes (where some works are delayed), road maintenance (which has an additional £5m allocation to address winter damage) and street lighting.

31. The forecast outturn for E&I is a +£1.3m overspend (1%). This represents an increase of +£0.5m from last month. The most significant change is waste management, which expects to overspend by +£0.8m primarily due to the need for external specialist advice to complete the contract variation successfully. Local bus support also expects to overspend by +£0.5m as a result of difficulty achieving planned contract savings and also a number of instances where bus routes are no longer commercially viable and need financial support from the council. Highways has incurred +£0.2m additional costs due to the Tour of Britain, including road closures and diversions. Additional employee costs (+£0.1m) are expected to be largely offset by additional income and recharges later in the year. A number of underspends across the directorate offset these cost pressures, including economic development initiatives funded through New Homes Bonus grant, which are expected to underspend by -£0.2m. E&I is considering options to bring expenditure in line with budget.

32. The Directorate faces a number of further risks around costs and income this year. These include:

- uncertainty around waste disposal costs which remain dependant on a number of factors including waste volumes and treatments;
- future arrangements for the payment of fuel duty rebate to bus operators which is due to transfer to local authorities in January 2014; and
- plans to achieve a number of challenging efficiency savings and cost reductions this financial year including reducing contract costs and increasing income and recharges.

Business Services

Table 7: Summary of the revenue position for directorate

Summary	YTD Budget	YTD Actual	YTD Variance	Full Year (Revised) Budget	Nov - Mar Forecast	Full Year Projection	Full Year Variance
	£m	£m	£m	£m		£m	£m
Income	-8.4	-9.7	-1.3	-14.8	-5.5	-15.2	-0.4
Expenditure	55.1	52.2	-2.9	97.9	43.5	95.7	-2.2
Net	**46.7**	**42.5**	**-4.2**	**83.1**	**38.0**	**80.5**	**-2.6**
Summary by service							
Property	17.5	15.8	-1.7	32.3	15.3	31.1	-1.2
Information Management & Technology	13.3	12.5	-0.8	23.3	10.8	23.3	0.0
Human Resources & OD	4.9	4.6	-0.3	8.4	4.0	8.6	0.2
Finance	5.1	4.9	-0.2	8.8	3.5	8.4	-0.4
Shared Services	2.4	1.9	-0.5	4.2	2.1	4.0	-0.2
Procurement & Commissioning	1.9	1.9	0.0	3.3	1.4	3.3	0.0
Business improvement	1.6	0.9	-0.7	2.8	0.9	1.8	-1.0
Total by service	**46.7**	**42.5**	**-4.2**	**83.1**	**38.0**	**80.5**	**-2.6**

Note: All numbers have been rounded - which might cause a casting error

33. Business Services estimates a revenue underspend of -£2.6m. Business Services has challenging revenue savings targets for this year and next. The service will deliver this year's efficiency savings and aims to bring forward some of next year's. It is also achieving one-off revenue savings. The estimated revenue underspend has increased by -£0.1m compared to last month. This is because of increased property income from venue hire and reduced HR training costs.

34. The year to date underspend is -£4.2m. The largest variance is -£1.7m in Property which is mainly as a result of timing of maintenance work (-£0.8m) this is expected to be fully spent at year end. The other variances in Property are reflected in the full year underspend of -£1.1m. As described in last month's report these are a result of forecast underspends on utilities (-£0.6m), rents (-£0.3m), and rates (-£0.2m). Both the utilities and rents underspends are delivering 2014/15 efficiency savings early.

35. The Making a Difference programme is on track to deliver savings of £6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference saving of -£1.0m.

36. There are other variances on Finance (-£0.4m) and the Shared Services (-£0.2m), which are delivering 2014/15 efficiency savings early. HR and Organisational Development forecasts a +£0.2m year end overspend. Training activity is expected to increase in the latter part of the year leading to +£0.4m year end overspend (YTD +£0.1m). Recruitment levels are set to continue resulting in a +£0.1m overspend. These overspends are offset by a YTD underspend of -£0.4m in other areas, mainly in staffing, delivering a full year underspend of -£0.3m. The service is addressing these variances in planning for 2014/15.

Chief Executive's Office

Table 8: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-9.7	-9.4	0.3	-28.4	-17.7	-27.1	0.9
Expenditure	19.8	19.3	-0.5	44.0	23.5	42.8	1.2
Net	**10.1**	**9.9**	**-0.2**	**16.0**	**5.8**	**15.7**	**-0.3**
Summary by service							
Strategic Leadership	0.2	0.2	0.0	0.4	0.2	0.4	0.0
Legacy	0.2	0.2	0.0	0.4	0.2	0.4	0.0
Emergency Management	0.3	0.3	0.0	0.5	0.2	0.5	0.0
Communications	1.2	1.2	0.0	2.0	0.8	2.0	0.0
Legal & Democratic Services	6.3	6.1	-0.2	9.7	3.5	9.6	-0.1
Policy & Performance	1.9	1.9	0.0	3.0	0.9	2.8	-0.2
Public Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total by service	**10.1**	**9.9**	**-0.2**	**16.0**	**5.8**	**15.7**	**-0.3**
Public Health – income	-8.8	-8.5	0.3	-26.5	-17.0	-25.5	1.0
Public Health - expenditure	8.3	8.5	-0.3	26.5	17.0	25.5	-1.0
Public Health – net expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0

37. The Chief Executive's Office (CXO) is currently projecting an underspend of -£0.3m against a total revenue budget of £16.0m, an increase from last month's balanced position. This is predominantly due to the one-off savings (-£0.2m) against the local elections budget following receipt of final invoices from District and Borough Councils. The remaining underspend is mainly due to staff vacancies across the directorate, which are offset by pressures within Legal due to the cost and volume of child protection cases.

38. CXO has taken on the council's new responsibility for Public Health (PH) this year. Some uncertainties remain in this first year of Public Health budgets.

39. Part of PH's budgeted income is an allocation from the Department of Health (DH) of £3.3m for sexual health services. However DH erroneously allocated this funding to the Clinical Commissioning Groups (CCG). DH has made other errors nationally, in baseline allocations to CCGs around their NHS Specialist Commissioning role, as well as to PH, which has caused budget pressures in this first year after transition. We continue to work positively with the CCGs and are looking to realign work programmes with CCGs to ensure the £3.3m error does not remain a pressure on the PH budget. We are working with the DH to ensure these errors are corrected for next year's grant allocation.

40. Initially, the Police and Crime Commissioner (PCC) allocated £0.5m funding to PH. However the PCC's priorities have changed and it has confirmed PH will not receive this funding in 2013/14 (+£0.5m). As part of the forward budget process, PH will review this service and decide how it will continue in the future. In the current year PH will offset the under recovery against the underspend on staffing explained below.

41. A new budget issue which is being investigated is the cost of prescribing drugs related to the Public Health Agreements. It has come to light nationally that local authorities may be recharged for such costs by the NHS Business Services Authority and this amount had not been included in the council's baseline allocation. Initial estimates show Surrey's liability could be in the region of £1.9m. As this is a country wide issue the Director of Public Health (DPH) is linking with other DPHs to progress this matter nationally with DH. In order to cover this additional expenditure a two year view of the PH grant would be taken and work programmes realigned over that period to absorb this.

42. Due to the fact that a number of staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, PH has had vacancies throughout its team, including many at a senior level. Recruitment to all vacancies has now been completed and all staff will be in post by January.

43. PH is carefully reviewing its expenditure plans to ensure the ring fenced grant is fully used and if required, ongoing service provision will be complimented by one off initiatives targeted on public health priorities.

Central Income & Expenditure

Table 9: Summary of the revenue position for directorate

	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Nov - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-208.5	-217.8	-9.3	-246.8	-37.2	-255.0	-8.2
Expenditure	19.5	20.5	1.0	36.4	20.8	41.3	4.9
	-189.0	**-197.3**	**-8.3**	**-210.4**	**-16.4**	**-213.7**	**-3.3**
Local Taxation	-364.0	-365.3	-1.3	-599.3	-234.0	-599.3	0.0
Risk contingency	0.0	0.0	0.0	13.0	0.0	0.0	-13.0
Net position	**-553.0**	**-562.6**	**-9.6**	**-796.7**	**-250.4**	**-813.0**	**-16.3**

44. The year to date underspend is -£9.6m, primarily caused by receipt of additional government grant not included in MTFP 2013-18. The main items received are:

- -£2.5m more in PFI grants compared to budget.
- -£1.4m refund on Local Authority Central Spend Equivalent Grant (LACSEG) on the transfer of schools to academy status;
- -£1.0m as Adoption Reform Grant;
- -£0.5m Local Services Support Grant;
- -£0.25m as Surrey's share of the Council Tax Transition Grant due to the Boroughs and Districts having compliant local council tax support schemes; and
- -£0.1m for HM Courts Service Grant.

45. Other factors in the year to date variance include the following.

- -£1.4m business rate income because Borough & Districts' (B&Ds) payments are higher than budget. However current estimates are incomplete (six estimates received from 11 B&Ds) and could change due to appeals and collection rate estimates. The full year position remains unchanged until B&Ds' forecast submissions are more substantially complete.
- -£0.5m higher interest receivable due to earlier receipt of several large government grants than expected, leading to higher cash balances on deposit. This underspend is forecast to continue at -£0.5m to year end.
- -£0.9m underspend on redundancy and compensation, although full year forecast remains on budget, as the future level of redundancies to be approved is uncertain.
- -£0.5m Minimum Revenue Provision (MRP) of money set aside for debt repayment, is lower than estimated for both year to date and full year.
- -£0.3m interest payable on short term borrowing due to low interest rates.

46. Investigation into prior year creditor accruals revealed £2.8m that are no longer liabilities faced by the council and should be written back to the revenue account. It is recommended the council transfers this £2.8m to the Budget Equalisation Reserve to support future years' budgets.

47. The MTFP assumed the council would receive a £2.4m share of the returned business rates top slice from the Department for Communities and Local Government (DCLG). DCLG has told councils it will not return any grant in 2013/14 and 2014/15 due to the large number and value of business rates appeals, especially in London. The additional grant income described above offsets the 2013/14 shortfall.

48. The 2013/14 PFI grants budget assumed the Department for Environment, Food and Rural Affairs (DEFRA) would suspend the waste PFI grant. DEFRA has reduced the grant, but by £3.5m less than budgeted. It is recommended the council transfers this £3.5m to the Eco Park Sinking Fund Reserve to mitigate future years' pressures.

49. The budget for interest payable on borrowing included a contingency of £1m to cover the risk of interest rate rises. Following the Governor of the Bank of England's announcement on future UK interest rates, it is very unlikely this will be required. It is recommended the council transfers this £1m to the Interest Rate Risk Reserve to mitigate future years' interest rate fluctuations.

50. In April 2013 the council was required to auto-enrol staff into the relevant pension scheme. MTFP 2013-18 provided additional costs of this. Based on year to date, it is likely this budget will underspend by -£1m.

51. The forecast outturn position includes £7.4m contributions to reserves listed above:

- £2.8m creditor write-off transfer to the Budget Equalisation Reserve;
- £3.5m waste PFI grant transfer to the Eco Park Sinking Fund Reserve; and
- £1m interest rate rise contingency transfer to the Interest Rate Risk Reserve.

Revolving Infrastructure & Investment Fund

Table 10: Summary position

Summary	YTD Actual £m	Full Year Forecast £m
Income	-1.0	-2.2
Expenditure	0.6	1.4
Net revenue position	**-0.4**	**-0.8**
Capital spend	**27.0**	**28.1**

52. The Revolving Infrastructure & Investment Fund was established in MTFP 2013-18 to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. Over the medium term, the council will re-invest net income in the fund.

53. Net income, after deducting funding costs, is being delivered in 2013/14 by the joint venture project to deliver regeneration in Woking town centre (Bandstand Square) and from property acquisitions that have been made for future service delivery.

54. Capital expenditure to date includes Ranger House, Egham High Street and Parkside House. The remainder of the forecast capital spend includes an estimate of loans to be made during the rest of the year to the Woking Bandstand Joint Venture company. There are no material changes in the forecast net position compared to last month. Cabinet will consider a further potential acquisition for approval at its 26 November meeting (Part two - item 17).

Staffing Costs

55. The Council employs three categories of staff.

- Contracted staff are employed on a permanent or fixed term basis and paid through the Council's payroll. These staff are contracted to work full time, or part time.
- Bank staff are contracted to the Council and paid through the payroll but have no guaranteed hours.
- Agency staff are employed through an agency with which the Council has a contract.

56. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly the case in social care.

57. A sensible degree of flexibility in the staffing budget is good, as it allows the Council to keep a portion of establishment costs variable. The current level is approximately 92% of costs are due to contracted staff.

58. The Council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.

59. The Council's total full year budget for staffing is £313.0m based on 8,025 budgeted FTEs. The year to date budget for the end of October 2013 is £182.1m and the expenditure incurred is £178.5m. At the end of October 2013, the Council employed 7,345 FTE contracted staff.

60. Table 11 shows the staffing expenditure and FTEs for the period to October against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: Districts and Boroughs, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

Table 11: Staffing costs and FTEs to end of October 2013

	Staffing Budget to Oct 2013 £m	Staffing spend by category						
		Contracted £m	Agency £m	Bank & Casual £m	Total £m	Variance £m	Budget FTE	Oct 2013 occupied contracted FTE
Adult Social Care	42.7	37.2	2.1	1.0	40.3	-2.4	2,187	1,881
Children Schools & Families	61.2	54.7	2.7	2.4	59.8	-1.3	2,690	2,463
Customer and Communities	33.3	30.0	0.5	2.7	33.2	-0.1	1,507	1,447
Environment & Infrastructure	13.4	12.7	0.6	0.2	13.5	0.1	524	499
Business Services and Central Income & Expenditure	24.5	22.5	1.8	0.1	24.4	-0.1	892	827
Chief Executive's Office	7.0	6.8	0.2	0.1	7.2	0.2	225	228
Total	182.1	164.0	7.9	6.5	178.5	-3.6	8,025	**7,345**

Note: All numbers have been rounded - which might cause a casting error

61. The most material variance is an underspend of -£2.4m in ASC due to recruitment delays, mainly in reablement and front line teams. However, such staffing savings are counter-productive as they reduce the directorate's ability to implement key strategic savings plans such as FF&C and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.

62. Table 12 shows there are 412 “live” vacancies, for which active recruitment is currently taking place, with 305 of these in social care. The remaining vacancies are either filled by agency and bank staff on a short term basis or not being actively recruited to at present.

Table 12: full time equivalents in post and vacancies

	Oct FTE
Budget	8,025
Occupied contracted FTE	7,345
“Live” vacancies (i.e. actively recruiting)	412
Vacancies not occupied by contracted FTEs	268

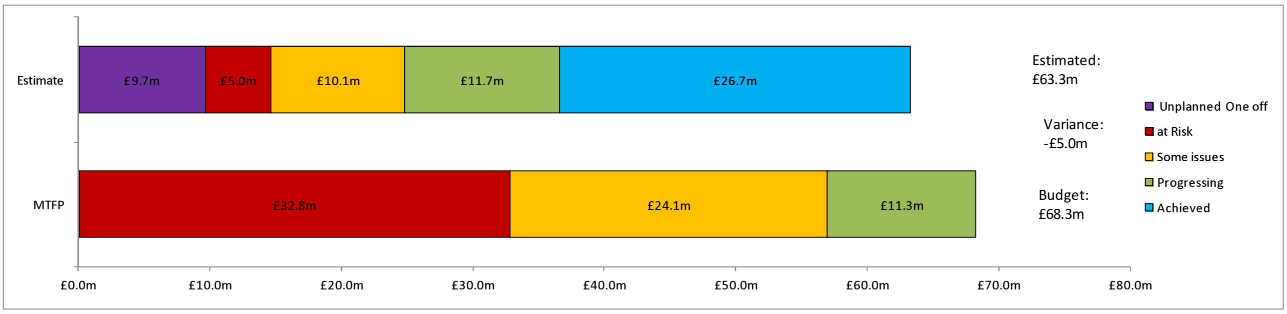
Efficiencies

63. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the Council forecasts achieving £63.3m by year end, an under achievement of -£5.0m. This is an increase from the £4.7m forecast at the end of September.

64. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress. Directorates have evaluated efficiencies on the following risk rating basis:

- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place.
- AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place
- GREEN – Plans in place to take the actions to achieve the saving
- BLUE – the action has been taken to achieve the saving.

<u>Graph 1: 2013/14 ragged overall efficiencies</u>



65. The -£0.3m increase in under achievements on efficiencies is from ASC, largely due to slippage in the innovative FF&C strategy as outlined above in the directorate's revenue budget commentary.

66. Under achievements in CSF (-£1.8m) and E&I (-£0.4m) remain as reported for September. CSF is experiencing delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages. This means the planned saving in that area of £1.5m is unlikely to be achieved in 2013/14. Given the pressure on the transport budget, it is also unlikely that the planned efficiency of £0.3m will be achieved. E&I forecasts -£0.4m underachievement on the bus service contract savings. Within the background appendix to this annex are each directorate's efficiencies as at the end of October 2013.

Capital

67. By planning significant capital investment as part of MTFP 2013-18, the Council demonstrated its firm long term commitment to stimulating economic recovery in Surrey.

68. The total capital programme is £699m over the five year MTFP period. The council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet reprofiled the capital budget for 2013/14 by -£2.5m, which subsequently reduced the budget to £184.8m. The capital budget up to 30 September 2013 was updated for: new approved schemes; re-profiling requests and new grant funded schemes (+£2.7m); drawing down capital grants for Walton Bridge (£0.6m); Wellbeing centres (£0.1m); the purchase of Woking Magistrate Court (£0.9m); and external funding from sources such as schools' parent teacher associations of £0.8m. In October, there was further funding from schools' parent teacher associations of £0.7m. The revised capital budget for 2013/14 is £190.6m. The budget changes are summarised in Table App 5.

69. The current forecast for the service capital programme is a small underspend of -£10.7m (-£9.5m at the end of September) due predominately to delays:

- acquiring land for waste schemes (-£3.3m);
- from archaeological finds at Guildford Fire Station (-£3.0m);
- in deliveries of fire vehicle and equipment replacement programme (-£1.4m);
- rephasing refurbishments some short stay schools (-£0.8m); and
- obtaining planning permission to improve a travellers' site (-£1.1m)

plus

- School basic need (-£0.7m) and capital spend reduced by -£0.5m.

These are offset by

- increased IT equipment spend (+£0.9m) due to the revenue volume pressures.

70. The underspend relates to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.

71. The revised 2013/14 capital budget is in the appendix to this annex in Table App 5.

Table 14: 2013/14 Capital expenditure position

2013/14 Monitoring	Revised Full Year Budget £m	Apr -Oct actual £m	Nov - Mar projection £m	Full year forecast £m	Full year variance £m
Adult Social Care	2.0	1.0	0.8	1.8	-0.2
Children, Schools & Families	6.2	6.2	-0.1	6.1	-0.1
Customer & Communities	4.9	1.7	1.8	3.5	-1.4
Environment & Infrastructure	58.2	54.2	4.1	58.3	0.1
School Basic Need	54.3	28.3	25.3	53.6	-0.7
Business Services	53.5	19.8	25.3	45.1	-8.4
Chief Executive Office	11.5	3.3	8.2	11.5	0.0
Service programme	**190.6**	**114.5**	**65.4**	**179.9**	**-10.7**
Long term investments	0.0	27.0	1.1	28.1	28.1
Overall programme	**190.6**	**141.5**	**66.5**	**208.0**	**17.4**

Appendix to Annex

Contents

Virement request

App. 1. Financial regulations state any virement that is over £0.25m and represents a policy or managerial responsibility change should be approved by the relevant Cabinet Member. If the virement crosses portfolios, then the Leader and the relevant Cabinet Members should approve. The virement in paragraphs App. 3 to App. 6 below affect the following portfolios: Children & Learning, Children and Families and Leader.

App. 2. This virement is presented here because of timing issues. The Dedicated Schools Grant is based on pupil number as at September. This virement affects next year's financial planning, so presenting it to this meeting ensures the council includes its impact in the base line for next year's financial planning.

Learners with Learning Difficulties or Disabilities virement

App. 3. From August 2013 Surrey became responsible for funding post-16 high needs placements at specialist providers and further education Colleges. Previously these places were funded directly by the Education Funding Agency (EFA). Provision of £3.0m was included in the MTFP to meet these new responsibilities, with £1.5m funded from Dedicated School Grant (DSG) and £1.5m from county resources.

App. 4. Surrey has taken on these new funding responsibilities at the same time as the government's funding reforms introduce "place plus" for high needs places. For post 16 placements the first £11,000 of a placement is met directly by the EFA with commissioning authorities being responsible for the top up to the full cost of the placement. As a consequence DSG of £1.7m is no longer required to support the schools budget. In addition, since agreement of the MTFP 2013-18, additional DSG of £2.4m has been allocated to Surrey as a result of the change in funding responsibilities. Therefore £4.0m of DSG, from the high needs block, is available to meet the costs of high needs students.

App. 5. With the start of the new academic year there is greater clarity about the number and cost of placements for both the new post 16 funding responsibilities and the agency budget within Schools and Learning. Therefore a virement is proposed to allocate the available DSG to meet anticipated costs. These allocations are summarised in the table below:

	£m
Independent specialist and FE colleges (net of contribution from ASC)	0.6
Ready for Work programme	0.2
Schools and Learning agency	1.2
	2.0

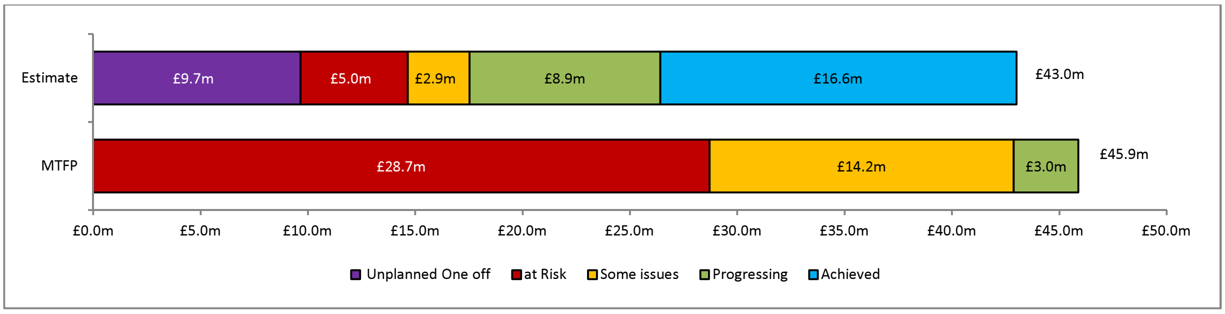
App. 6. Uncertainties remain however around additional placements this financial year, price negotiations with providers and the level of health contributions. Therefore the balance of the available funding will be held as a risk budget of £2.0m pending further clarification on these points. This will include £1.3m of the council's contribution with the balance being used to fund the Ready for Work programme which is not eligible for DSG funding. Approval is also sought to delegate approval of virements to allocate the risk budget to the Strategic Director for Children, Schools and Families.

Efficiencies & service reductions

App. 7. The graphs of directorate efficiencies & service reductions below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies and service reductions.

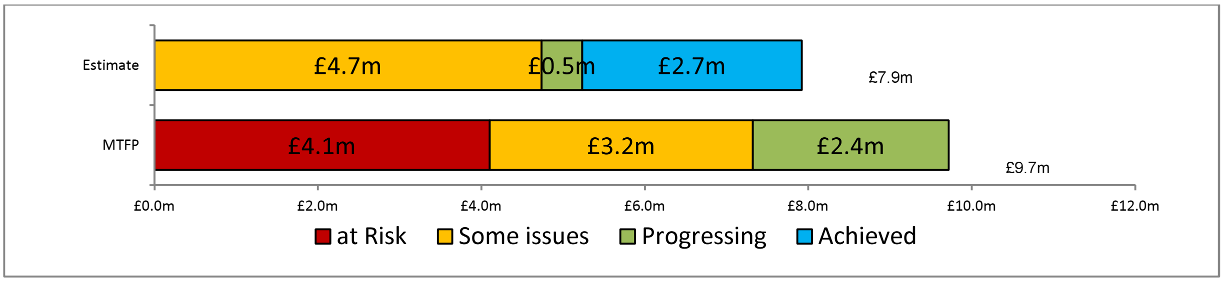
App. 8. All the graphs use the same legend:
Red – At risk, Amber – Some issues, Green – Progressing and Blue – Achieved. Each graph is based on the appropriate scale and therefore they are not directly comparable one against another.

Adult Social Care



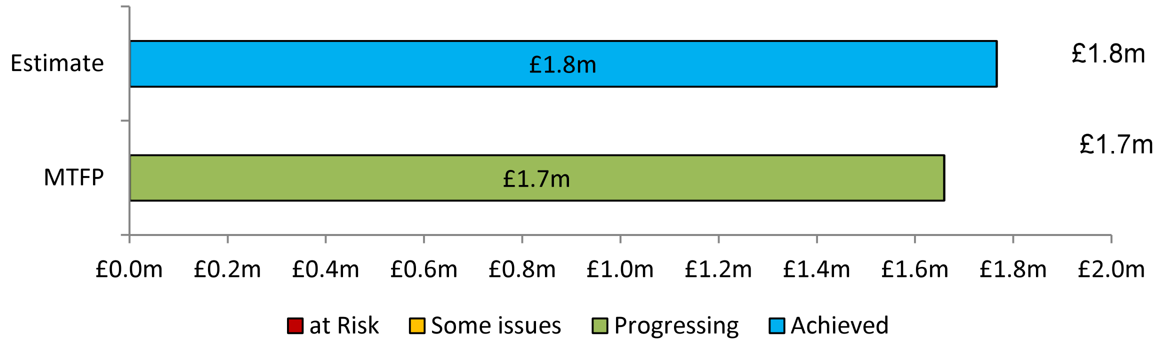
App. 9. The directorate has already achieved savings of £16.5m this year, including £5.5m of savings to constrain inflation for individually commissioned care services. A further £11.8m is on target to be achieved, although there is an element of risk for £2.9m of these savings. The most significant element of ASC's savings plans in 2013/14 is the FF&C strategy, which has a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, slippage was highlighted as a risk and although there were signs of some initial effects in the September data, the October position indicates that the approach is not yet reducing spend. £3.5m FF&C savings are now forecast against the £15.5m target, but these too remain at risk. The projected social capital slippage combined with minor slippage against other savings plans is being largely offset by £9.7m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measures are the Whole Systems draw down of £7.5m of unused 2011/12 funds and £1.7m of previous years' Winter Pressures Funding. The Whole Systems funding was set aside by the directorate as a contingency for this year's budget and the draw down has been completed following approval by Cabinet. The Winter Pressures money was carried forward to offset anticipated increased demand over the winter period, but it is now apparent ahead of any seasonal factors that it will be needed, so approval for the draw down is being sought as part of this month's monitoring cycle.

Children, Schools & Families



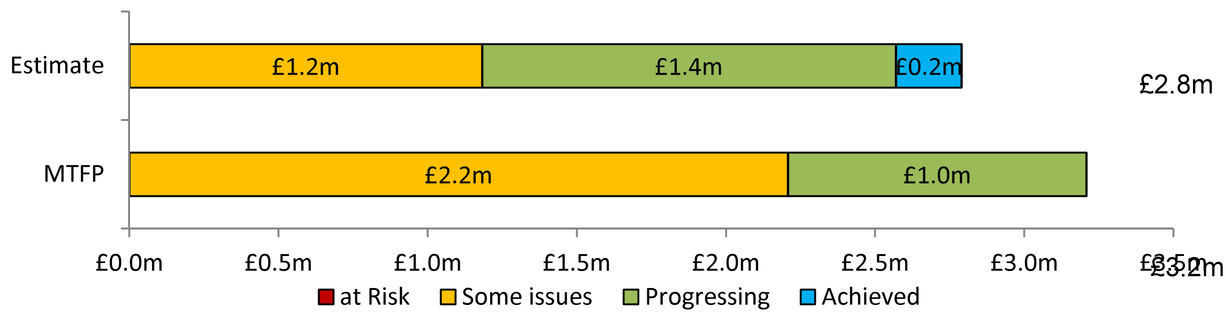
App. 10. The forecast budget position for CSF means it is unlikely to achieve two of the planned efficiencies. Delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m is unlikely to be fully achieved in 2013/14. Also, given the pressure on the transport budget the planned efficiency of £0.3m will not be achieved.

Customer & Communities



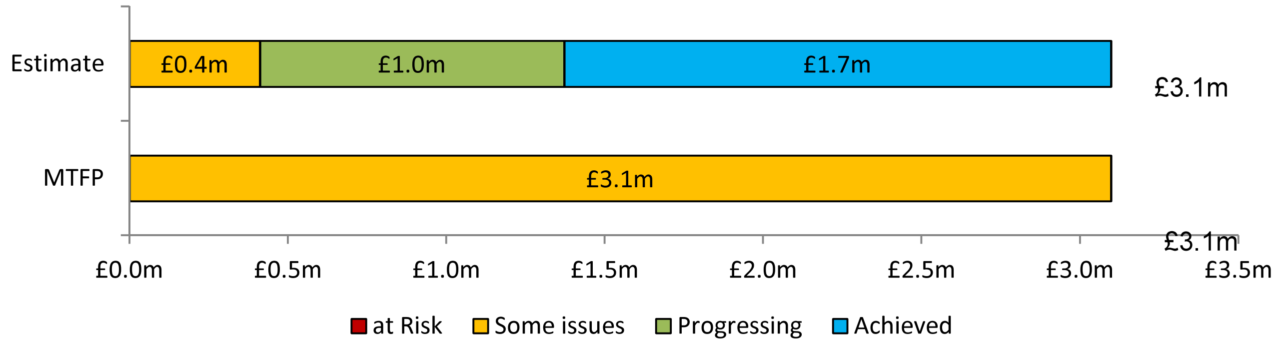
App. 11. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. Actions to achieve the 2013/14 efficiencies have already been completed.

Environment & Infrastructure



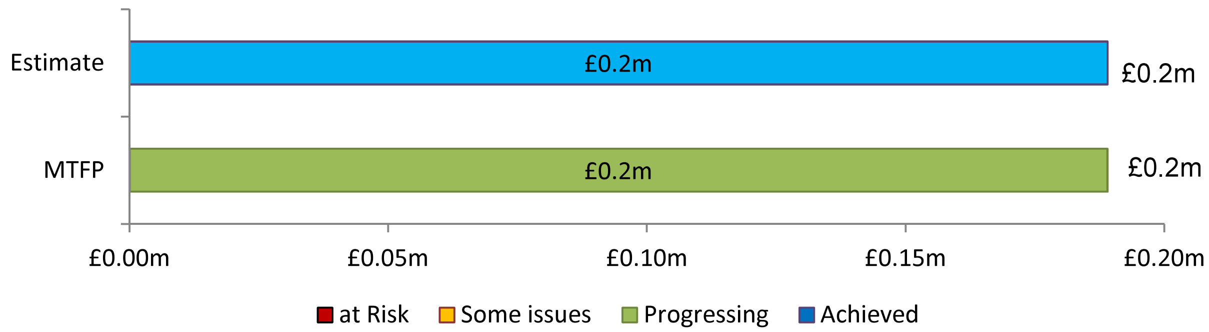
App. 12. The directorate currently expects to deliver all efficiency savings, except bus service contract savings (£0.4m). A number of risks remain and in some cases detailed plans are still in development. Some savings, including one off savings from parking income, have already been achieved.

Business Services



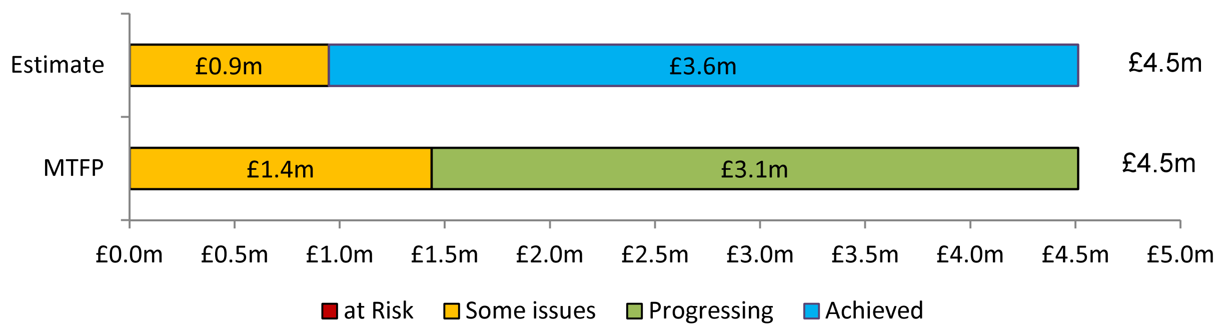
App. 13. The efficiencies identified in the MTFP are on track to be realised, all savings have been reviewed and plans are in place to achieve them and the risk of achievement has been appropriately adjusted.

Chief Executive's Office



App. 14. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish the on-going effect.

Central Income & Expenditure



App. 15. The efficiencies identified in MTFP 2013-18 from changes to the council's treasury management strategy have been achieved. Those in relation to redundancy are on track to be realised but the risks attached to them remain.

Updated Budget - Revenue

App. 16. The council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes in May to September increased the expenditure budget at the end of September to £1,693.6m. In October, a number of virements reprofiled the income & expenditure budgets, reducing both by £2.4m. Table App 1 summarises these changes.

Table App 1: Movement of 2013/14 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves	General balances £m	Total £m	Number of Virements
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	**0.0**	
Q1 changes	-2.3	11.1	-8.8		**0.0**	72
Q2 changes	7.7	-2.7	-5.0		**0.0**	114
Previous changes	**-1,656.9**	**1,693.6**	**-24.8**	**-11.9**	**0.0**	**186**
October changes						
Academy conversion Oct 13 budget and grant reduction	1.9	-1.9			**0.0**	1
Addt'l grants: Family services; Fire training; Adoption, Asylum seekers	-1.4	1.4			**0.0**	4
Impact of school funding reforms	1.6	-1.6			**0.0**	1
Transfer of income and expenditure	0.3	-0.3			**0.0**	39
October changes	**2.4**	**-2.4**	**0.0**	**0.0**	**0.0**	**45**
Updated Budget - October 2013	**-1,654.5**	**1,691.2**	**-24.8**	**-11.9**	**0.0**	**231**

App. 17. When the Council agreed the MTFP in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. There were a number of changes for September for example the notification of schools transferring to Academy status.

App. 18. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value that is approved by the Chief Finance Officer.

App. 19. Virements above £250,000 require the approval of the relevant Cabinet Member. There were four virements above £250,000 in October:

a) transfer of £1.9m back to the Department for Education for Academy status conversion for October;
b) notification of additional grants of £1.4m for Adoption Reform (£0.5m), Family Services (£0.4m) and Asylum Seekers (£0.4m);
c) adjustments to budgets for Education Funding Agency and DSG funding changes of £1.6m; and
d) transfer of budget from Supporting People to Children's of £1.8m.

App. 20. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table App 2: 2013/14 updated revenue budget – October 2013

	Income £m	**Expenditure £m**	**Net budget £m**
Adult Social Care	-68.7	405.1	336.4
Children, Schools and Families	-146.1	327.2	181.1
Schools	-508.0	508.0	0.0
Customers and Communities	-24.1	84.1	60.0
Environment and Infrastructure	-18.7	150.6	131.9
Business Services	-14.8	97.9	83.1
Chief Executive's Office	-28.0	44.0	16.0
Central Income / Exp	-846.1	36.4	-809.7
Service total	-1,654.5	1,653.4	-1.1
Risk Contingency		13.0	13.0
Total	-1,654.5	1,666.4	11.9

Note: All numbers have been rounded - which might cause a casting error

App. 21. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue budget forecast position as at end of October 2013

	YTD Budget £m	Year to date Actual £m	**YTD Variance £m**	Full Year Budget £m	Remaining Forecast Spend £m	Outturn Forecast £m	**Forecast Variance £m**
Income:							
Local taxation	-364.0	-365.3	**-1.3**	-599.3	-234.0	-599.3	**0.0**
Government grants	-598.8	-589.6	**9.2**	-906.7	-321.1	-910.7	**-4.0**
Other income	-83.2	-108.5	**-25.3**	-148.5	-55.4	-163.9	**-15.4**
Income	-1,046.0	-1,063.4	**-17.4**	-1,654.5	-610.5	-1,673.9	**-19.4**
Expenditure:							
Staffing	182.1	178.5	**-3.6**	313.0	131.6	310.1	**-2.9**
Service provision	466.2	470.7	**4.5**	845.4	384.0	854.7	**9.3**
Non schools sub-total	648.3	649.2	**0.9**	1,158.4	515.6	1,164.8	**6.4**
Schools expenditure	309.6	306.7	**-2.9**	508.0	201.3	508.0	**0.0**
Total expenditure	957.9	955.9	**-2.0**	1,666.4	716.9	1,672.8	**6.4**
Movement in balances	**-88.1**	**-107.5**	**-19.4**	**11.9**	**106.4**	**-1.1**	**-13.0**

Note: All numbers have been rounded - which might cause a casting error

App. 22. Table App 4 shows the year to date and forecast year end net revenue position for services and overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

Table App 4: 2013/14 Revenue budget - net positions by directorate

Sept's forecast variance £m	Directorate	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Nov – Mar remaining forecast £m	Full year forecast £m	Full year variance £m
2.6	Adult Social Care	196.2	199.8	3.6	336.4	141.0	340.8	4.4
0.7	Children, Schools & Families	104.0	102.6	-1.4	181.1	79.6	182.2	1.1
0.0	Schools (gross exp £508.0m)	0.0	-2.8	-2.8	0.0	2.8	0.0	0.0
-0.3	Customer & Communities	35.3	33.6	-1.7	60.0	26.0	59.6	-0.4
0.8	Environment & Infrastructure	72.4	69.9	-2.5	131.9	63.3	133.2	1.3
-2.5	Business Services	46.7	42.5	-4.2	83.1	38.0	80.5	-2.6
0.0	Chief Executive's Office	10.1	9.9	-0.2	16.0	5.8	15.7	-0.3
-2.8	Central Income & Expenditure	-189.0	-197.3	-8.3	-210.4	-16.4	-213.7	-3.3
-1.5	**Service net budget**	**275.9**	**258.2**	**-17.7**	**598.2**	**340.0**	**598.2**	**0.0**
0.0	Local taxation	-364.0	-365.3	-1.3	-599.3	-234.0	-599.3	0.0
0.0	Revolving Infrastructure & Investment Fund		-0.4	-0.4		0.4		0
-13.0	Risk contingency			0.0	13.0	0.0	0.0	-13.0
-14.5	**Overall net budget**	**-88.1**	**-107.5**	**-19.4**	**11.9**	**106.4**	**-1.1**	**-13.0**

Note: All numbers have been rounded - which might cause a casting error

Updated Budget - Capital

App. 23. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards (-£32.6m in total, -£2.5m for 2013/14) from 2012/13. This decreased 2013/14's capital budget to £184.8m.

App. 24. New virements and reprofiling in May to September added £5.8m to the capital budget. There are small changes to the capital budget totalling £1.2m, increasing the capital budget to £190.6m. There was one change over £0.25m: £0.7m external funding for schools (i.e. parent teacher associations).

App. 25. These changes are summarised in Table App 5.

Table App 5: Movement of 2013/14 capital expenditure budget

2013/14 Monitoring	MTFP Budget £m	C/fwd and reprofiled budget £m	Budget virement £m	Revised full year budget £m
Adult Social Care	1.3	0.4	0.3	2.0
Children, Schools & Families	2.8	1.6	1.8	6.2
Customer & Communities	2.0	3.1	-0.2	4.9
Environment & Infrastructure	50.1	4.3	3.8	58.2
Business Services	50.4	0.6	2.5	53.5
Schools' Basic Need	69.2	-14.9	0.1	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total overall	**187.4**	**-5.0**	**8.2**	**190.6**